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American Institute.

CAPITAL AND LABOR.

AN ADDRESS,

BY

ELLIOT C. COWDIN.

1877.

The Honorable J. C. Julius Langbein,
with the sincere regards of the
CAPITAL AND LABOR. *Author.*

AN ADDRESS

DELIVERED BEFORE THE

AMERICAN INSTITUTE OF THE CITY OF NEW YORK,

IN CELEBRATION OF ITS

SEMI-CENTENNIAL ANNIVERSARY,

ON

THURSDAY EVENING, OCTOBER 11, 1877.

BY

ELLIOT C. COWDIN.



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1877.

[EXTRACT FROM THE MINUTES.]

At a joint meeting of the Board of Trustees and Board of Managers of the American Institute, of the City of New York, held on Thursday, the 11th of October, the following Resolution was unanimously adopted :

Resolved, That the thanks of the American Institute be presented to the Hon. ELLIOT C. COWDIN, for the interesting and instructive address delivered this evening, in celebration of the Semi-Centennial Anniversary of the American Institute, and that a copy of the same be requested for publication.

JOHN W. CHAMBERS,

Secretary.

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ADDRESS.

MR. PRESIDENT, LADIES AND GENTLEMEN :

For the third time I have been honored with an invitation to address you on the occasion of your Annual Exhibition, and it is highly gratifying to me to be able now to unite with you in celebrating the Semi-Centennial Anniversary of this useful and renowned institution.

In the year 1827, several public-spirited gentlemen of New York conceived the idea of establishing in this metropolis a national association for the protection of American industry and labor, and in 1829 their enterprise assumed a legal form, under an act of the Legislature, incorporating *The American Institute of the City of New York*.

Its charter claims to encourage and promote domestic industry in agriculture, commerce, manufactures, and the arts, by bestowing rewards on those who shall excel in these branches. It is one of the attractive features of this organization that it is not bounded by State or municipal lines, like most societies of an analogous kind, but is national in its character. It not only fosters agriculture, commerce, manufactures, and the arts in all their branches, but invites to its exhibitions the products of industry and genius from all sections of the Union. And it is a noteworthy fact, unprecedented in the history of similar enterprises, that from the

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first, in years of prosperity and adversity, in peace and in war, this Institute has never failed to hold its Annual Exhibition.

During what an eventful half-century this association has existed ! If it were possible to place the splendid display of the present Exhibition side by side with some of the earlier ones held by this Institute, we should have before us striking proofs of the marvellous progress of the country within that period in those pursuits that advance the interests, enhance the comforts, enlarge the knowledge, refine the taste, and improve in a multiplicity of ways the condition of society.

Our republic has indeed grown wonderfully in all directions since your first Exhibition was held. We have added to the Union hundreds of thousands of square miles of valuable territory on the verge of the tropics, near the margin of the Arctic circle, and along the Pacific coast. Of our territorial wealth, an idea may be formed from the fact that Texas alone is larger than France, which country supports a population equal to ours of ten years ago. Cities have grown up where there were then only little hamlets or a barren wilderness. We have dotted the entire surface of the land with schools and colleges. We have waged war on a scale that astonished the world by its magnitude, placing in the field in a single campaign armies more numerous than the entire adult population of the country at the time of the inauguration of Washington. But throughout this half-century of marvels, in nothing has the advance of the nation been more rapid, beneficent, and gratifying than in those useful pursuits and ornamental arts which it is the object of the American Institute to protect and reward.

The American people are working out on a broader theatre than that occupied by any other nation, certain grand problems wherein are deeply involved the interests of man-

kind. And it is not vainglorious to add that the peoples of every clime, color, creed, and condition are watching the solution of these problems with a solicitude proportioned to their intelligence and their facilities for observation. I can only name some of the chief of these problems :

1st. Whether a democratic-republican system of government can exist for a long period in a country of vast extent, inhabited by a large and diversified population ;

2d. Whether, in such a country, the utmost liberty of the individual, including the right to elect his rulers, is compatible with the maintenance of social order and the complete supremacy of the laws ;

3d. Whether, in such a country, possessing unparalleled natural resources, where vast amounts of capital are directed and controlled by a few individuals, where large masses of laborers are employed by corporations, and where the laboring class forms the majority of the voting population, there can be such harmony between capitalists and laborers as to avoid either oppression on the one hand or discontent on the other.

Besides these, many important questions might be enumerated which the American people are deciding before the eyes of the world and for future ages ; but those just specified now demand peculiarly earnest and solemn attention. Although these three subjects are closely allied, the first two need only to be glanced at, while the last demands more elaborate consideration.

The late civil war subjected our political institutions to a test such as no modern nation has encountered. Both parties to the conflict have emerged from the trial with a faith in the stability and recuperative energy of our democratic-republican system that was not excelled by that of the Washingtons and Franklins, the Hamiltons and Madisons, of the revolutionary and constitutional epochs. The results

of our frequently recurring elections, local, State, and national; the respect felt for the laws by the great body of our people, and the general disposition to remedy defects in our civil system and abuses in its administration by the peaceful agency of the ballot, have strengthened our hereditary belief that the largest liberty of the individual and the widest expansion of the suffrage are compatible with social order in a great, enterprising, and daring nation.

While the strikes and riots that have recently convulsed the country have brought all three of these questions up for review, they have imparted peculiar vividness and intensity to discussions concerning the one last mentioned—*Capital and Labor*.

It seems to me, Mr. President, that no place or occasion can be more appropriate for the consideration of this subject than the anniversary of an association whose chief aim is to promote and reward those vocations that depend for their advancement, nay, for their very existence, upon the co-operation of *capital and labor*. There is nothing either in capital or labor that should make them antagonistic. Capital is of no value without labor; and labor cannot flourish without capital. Mutually dependent upon one another, they ought always to be allies; and society and government should cherish and protect both. These propositions are so self-evident that one would think they commanded universal and unquestioning assent. Unfortunately the fatal fallacy that capital and labor are enemies, that all capitalists are despots and all laborers slaves, finds credence with masses of men in the Old World, and has even perverted many minds in the New.

The tyranny of capital and the slavery of labor is a fundamental article in the creed of the *Internationals*, and underlies the despotism of the English Trades-Unions. It finds its exposition and victory in the Commune of Paris—

one of the most remarkable episodes in the history of the nineteenth century, to which I shall again refer.

We hear much just now of the rights of labor. But has the laboring man any rights except those he holds in common with the rest of his fellow-citizens? So, on the other hand, the capitalist has no right to any exclusive privileges. Widely as we may differ in capacity and opportunities, equal rights before the law is the privilege of every American citizen, regardless of birth, race, or condition.

Every great enterprise is an illustration of the absolute interdependence of capital and labor. The iron in the mine is the capital of its owner. But it is dead capital until the laborer brings it to the surface, and moulds it into useful forms. Each class furnishes what the other needs; and both should be protected by and be obedient to equal laws.

We are more or less familiar with three systems of labor as they have existed in this country. First, chattel slavery, wherein the capitalist absolutely owned the labor as property. This is a very old system, widely prevalent in every age. Happily for us, this unnatural relation of capital and labor has disappeared from among us forever.

Another plan, pervading all civilized nations, is the wages system. It is as old as the world. I must be understood as referring to that relationship of capital and labor wherein the laborer works for a stipulated rate, to be paid by his employer, and in which the laborer has no direct pecuniary interest in the products of his toil, whether the results are profitable or otherwise. This is the method whereby the great bulk of the business of this country, and indeed of all commercial nations, is carried on.

The other system I will mention is that wherein the workman shares more or less in the profits of the business in which he is employed: sometimes being paid partly by wages at a fixed rate, and partly by a percentage of the

profits ; and, in other instances, being wholly compensated by a share in the profits. This plan, in its main features, bears a close resemblance to a common copartnership. It had been adopted in this country, and in some others to a very limited extent only, but is just now evoking much discussion among us.

Another system is a modification of Fourierism or Communism—where all things are held in common, and where in reality every body owns every thing, and nobody owns any thing. Excepting in some small associations like the Shakers, this system exists in America rather as a theory than as a fact.

The doctrines of recent French Communism are set forth by its apostles and advocates in this country as follows :

“ The state shall take possession of and administer property in the interest of the people, just as it administers the postal service. The army and navy property belongs to the state, and the state must have the direction of it. The government took possession of the slave property of the South. The working-people are enslaved by capital ; the state must emancipate the working-people by confiscating capital—the chain which enthrals them. We are Communists,”—these theorists say, “ but we are not for a division of property. That has already been made, and the bulk of property has come into the hands of a few rich men. Our plan is to give property to the state—that is, to the entire people instead of to a few.”

The French Communists entertained these views, and since they are being seriously put forth and vehemently urged upon the consideration of the workingmen of the United States as the basis for political action, and since a tree is known by its fruits, it may not be unprofitable to take a rapid survey of the Commune of Paris now, held up for our admiration and imitation, and in fact imitated to a cer-

tain extent by the incendiaries and plunderers who, like the Scotch Rob Roy, followed

“the good old plan
That they should take who have the power,
And they should keep who can.”

Under pretence that they only wanted local self-government, the Communists of Paris, in the outset, secured the acquiescence of thousands of good citizens. Great meetings were called, and there was chosen a famous committee, which was to oppose the regular government of France. On that committee there were the names of no men eminent for character or ability, but, on the contrary, there were those of men infamous for their crimes and atrocities, conspicuous among whom was Assi, the chief fomentor of the strikes of Creuzot, one of the leaders of the *International Association of Workingmen*.

Proclamations bearing the historic device, *Liberty, Equality, Fraternity*, were speedily issued. The first decree appeared on the day the Prussians marched into Paris. It informed the citizens that the committee, after having *thought of decreeing the annihilation of the enemy*, had given up that plan, and concluded to leave them undisturbed.

Every man, from nineteen to forty years of age, was compelled to enroll himself in the marching battalions of the National Guard, under penalty of being sentenced as a deserter.

The Tricolor was hauled down, and in its place was raised the Red Flag—the symbol of rebellion and murder.

Another decree suppressed the payment of three quarters of rents due.

Confiscation of public and private property was the order of the day.

Avowedly hostile to religion, they insulted the priests and

decreed the confiscation of church property. They plundered railway companies and emptied poor-boxes. They undertook to rifle the vaults of the Bank of France, but were repulsed by the energy and courage of its officers. They fired upon a procession of peaceable, unarmed citizens parading under the banner of *Law and Order*. All persons suspected of loyalty to the regular government were to be imprisoned and brought before a jury of accusation, composed of National Guards. If pronounced guilty, they were to be shot on the first execution of a Communist by the Versailles Government. It was by this decree that Monseigneur Darboy, Archbishop of Paris, in spite of the earnest efforts of Minister Washburne, was murdered; as were also the Curate of the Madeleine, and several other priests; and notably M. Bonjean, President of the Court of Appeals, one of the noblest of men, who fell a victim at the hands of the assassins, even after the cause of the Commune was irrevocably lost.

The first victims of the insurgents were two distinguished generals. In the language of the Official Journal of the Commune:

“General Lecomte, having wished to fire on women and children, and General Clément-Thomas, having gone to Montmartre, to obtain a plan of the barricades, both had been victims of popular justice.” Ay, in the name of “popular justice,” both were murdered without cause and without trial by drunken brutes wearing the uniform of the National Guard. General Thomas, on being asked if he had any thing to say? “Yes,” he exclaimed, as his dying words; “you are cowards and assassins!”

When the Commune, after its reign of spoliation, deoachery, madness, and murder, expired in blood and flame, the *International Society*, of London, hastened to indorse and eulogize its crimes. In proof of this, I have to say that

the General Council of the International Society issued from its headquarters in London an address, in which the burning of Paris and the execution of sixty-four hostages, including the archbishop and chief-justice, were justified. And moreover, the *Paris Journal*, the organ of the Commune, took the same ground in an elaborate article ending thus :

“ The burning of Paris ! We accept the responsibility. The old society must perish. It will perish. A gigantic effort has already shaken it ; a final effort must prostrate it.”

But, Mr. President, this is not the time nor the place to dwell longer upon these tragic scenes, or to attempt to analyze the acts of a body of men who claimed plenary, legislative, and executive power, and who held Paris in thrall for a brief period, and yet long enough to inflict incalculable misery on their country. Every one knows how this terrible tragedy closed ; how the Communists did not respect even a flag of truce, but butchered its bearer ; and how, as an act of despairing vengeance, they decreed the destruction of Paris—an act of vandalism long before projected, but fortunately only partially successful. All these acts were mainly inspired by these modern regenerators of society—the leaders of the *International Association of Workingmen*.

Are you fully conscious, Mr. President, that emissaries of this infamous organization, avowed Communists, are now in our midst, ardently engaged in an attempt to inflame workingmen against their employers, and to inculcate the belief that they are their natural enemies ? It is a matter of congratulation, however, that a late attempted Communist demonstration in the city of New York was a complete failure. He is a shallow and presumptuous person who would attempt to undervalue the intelligence of the work-

ing classes of America. Knowing, as they do, the necessity for an absolute identity of interest between employer and employed, they will never adopt the frantic follies of crazy utopians or self-seeking agitators. Even the most plausible and insinuating advocates of Communism have made few proselytes on this side of the Atlantic.

The American workingman stands on a vantage-ground which is wanting to his trans-Atlantic brother. He has the benefit of free schools, free speech, a free press, free meetings, and a share, through the ballot, in municipal, State, and national legislation. It is hard to convince such a man that he is a slave. Moreover, when he surveys the tyrant capitalists whom the Communist emissary points out as despots, he finds that one graduated from the carpenter's shop, another from the plough, another from the mine, another from the ship's deck, and so concludes that capital itself is only a synonym for labor.

And now, Mr. President, having glanced at the various systems of labor, and at one of the most significant manifestations of modern socialism, let me submit a few general propositions perhaps not unworthy of the attention of employer and employed.

With us *labor is free*! No man is bound to work for another unless he chooses to do so. No man can be compelled to accept of any rate of wages, or submit to any special rules relating to his employment, unless he agrees thereto. Any laborer has a right to use all his influence in peaceful methods to persuade others to stop work at certain rates, unless they are under contract to continue; but he has no right to coerce his fellow-laborers to cease working on any conditions they see fit to make or agree to. Every man is at liberty to work as few or as many hours per day as he chooses, or as his physical condition will warrant. This is no new doctrine. A century ago, England's great economist, Adam Smith, declared that :

“The property which every man has in his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing his strength and dexterity in what manner he thinks proper, without injury to his neighbor, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty of both the workman and those who might be disposed to employ him. As it hinders the one from working at what he thinks proper, so it hinders the other from employing whom they think proper.”

France, speaking by the voice of the illustrious Turgot, the minister of Louis XVI., said :

“Labor is the poor man’s property : no property is more sacred : and neither time nor authority can sanction the violation of his right freely to dispose of this his only resource.” No true friend of the laboring classes will make war on this righteous doctrine.

On the other hand, capitalists have an unquestionable right to make such contracts, rules, and regulations as may be necessary to promote the best interests of their business, as well as for the maintenance of good order—always mindful that their welfare and that of their workmen are inseparable.

All combinations or conspiracies, either of capitalists or laborers, the purpose whereof is to violate the fundamental principles just laid down, are inimical to the public good, and ought to be discountenanced.

The wages system doubtless admits of improvements. A life of daily toil with the hands is full of trials. Capital, and especially corporate capital, is sometimes oppressive. But there is nothing novel in this ; and I fear the time will never come when some of the rich will not grind the faces

of the poor, and some of the poor will not begrudge the privileges of the rich. But laborers who envy the lot of the seemingly wealthy man of business should know that oftentimes he is entitled rather to their commiseration. Lashed to his task by the exigencies of his business, harassed by anxieties, fearing that the next turn in affairs will blast his hopes and leave him at the mercy of clamorous creditors, he often purchases his superior habiliments and more sumptuous fare, and his exemption from mere manual labor, at a cost utterly ruinous to his peace of mind, not unfrequently whelming him in blank despair. It is an instructive fact that in proportion to the number engaged, ten merchants, bankers, and business men commit suicide in this country to one common laborer. Nor, in taking a broader view of this question, should it be forgotten, that under our free institutions the mass of our youth start even in life, one having just as good chances for rising in the world as another; and moreover, it should be remembered that the great majority of our citizens who have attained eminence, whether in public life, the professions, the arts and sciences, trade and commerce, or who have managed large business enterprises or accumulated vast wealth, were cradled in obscurity and bred in poverty. I shall be excused for referring to such bright illustrations of this truth as John Jacob Astor, Robert Fulton, Stephen Girard, Henry Clay, Abbott Lawrence, Millard Fillmore, George Peabody, Cornelius Vanderbilt, Abraham Lincoln.

Even when, under the iron heel of their employers, laborers should know that strikes, riots, arson, murder, are the worst possible remedies for the ills they are invoked to cure. Let them know that in a land where all are equal before the law, where all have an equal voice in framing the laws, where the most exalted office is open to the humblest citizen, there is no excuse for resorting to any but peaceful

means for removing the evils that afflict any part of the body politic. Is American labor circumvented by capital and crushed by corporations?

“ There is a weapon firmer set
And surer than the bayonet ;
A weapon that comes down as still
As snow-flakes fall upon the sod,
But executes a freeman’s will
As lightning does the will of God.”

The discussion of these questions too often proceeds on the erroneous assumption that only he who uses his sinews can be properly called a laborer. But he who only employs his hands in turning over the clods of the field is no more the laborer than he who produces a painting, or invents a machine or writes a book.

Labor, in its diversified forms, is the natural lot of man. The highest places in society are only obtained by active and persistent industry, by unrelenting labor—labor of the head and labor of the hand. Brains are not less worthy of consideration than muscles. The genius that invented the electric telegraph was as properly called a worker as the artisan that manufactured the wire along which the lightning flashed messages. Mechanical labor was long since divided into skilled and unskilled ; and, very justly, a far higher estimate was put upon the former, because from the same materials it could produce articles of far greater worth than the latter. The laborer that hammers iron and steel on an anvil, though performing a most useful service, is not entitled to as much compensation as the mechanic who, by exquisite manipulations, transforms that iron and steel into wonder-working machines ; while far above either of these we ought to place the genius who invented the machines. And yet all are laborers, and each must bring his labor into the market, and sell it for what it is worth. And though

it may sometimes operate unjustly upon the lower class of laborers, the fact will still remain that the rate of wages will be determined by the economical laws that regulate supply and demand, and that those who have only the ability to delve will not command as high wages as those who can design with a fertile brain and execute with a facile hand. And no trades-unions, or riotous strikes, or levelling legislation, can suspend the operation of the inexorable law that has determined that labor, whether mental or manual, or both combined, must be sold for what it will bring. Every description of service and all the professions are placed in competition, and the most intelligent and energetic are the most successful.

The plan of remunerating laborers in part by capitalists dividing a portion of the profits of their business, has long been advocated by a few theoretical minds. The recent troubles on railroads, and in mining districts and manufacturing establishments, have brought it forward for discussion in some practical quarters demanding grave consideration. Certainly no one ought to object to any corporation, company, or establishment of any kind putting it into immediate operation, if all parties concerned see fit to do so. We are to assume that capital and labor are to join hands in business, and stand by the result in common.

A large railway or mining company, for example, may agree to compensate its laborers by a fixed sum per month, and a small percentage of the profits besides. Now, this would work admirably for the laborers in years when the company made profits. But, in seasons of depression, there would be years when there are no profits, but a dead loss instead. Would the laborers be willing to contribute a certain percentage from their previous earnings to make up this loss? If not, why not? For example: the company in a given year may have made \$100,000, ten per cent

whereof they divided with their laborers. But the next year the company may lose \$100,000. Is the company which divided ten per cent of its gains with its workmen the year before, to now bear the whole loss? Would this be equitable or just?

If this system is to be applied to one class of business, why not to all which require a combination of capital and labor for their prosecution? Is there any thing in railroads, or mining, or iron manufacturing, that specially adapts them to the operation of this system, that does not apply equally well to merchandising, banking, shipping, farming, manufacturing, and indeed every sort of avocation in which money is invested on the one hand and wages received on the other?

Perhaps the most feasible plan for solving this problem is the *Co-operative system*, which exists to some extent both in Europe and America. Under this system the laborers have a small interest in the profits, for which privilege they accept lower rates of wages than are paid to others for like work. In prosperous years, this method is advantageous to the workmen; but in seasons of depression, although not liable for the losses, they have to submit to the reduced rates to enable their employers to go on with the business. Is not this reasonable and just? Laborers should never forget that permanent employment, even at comparatively low wages, is infinitely better than occasional employment at higher rates. Let them also remember that an intelligent workman, thoroughly in earnest, is worth far more than one destitute of knowledge and indifferent to his work, and will naturally command higher wages.

Parents, think of this! Facilities for instruction are now so abundant that to deprive one's children of a good practical education is scarcely less than a crime. Reading, writing, and arithmetic are the means of education. Geography

and history are essential elements of useful knowledge. Natural philosophy, geometry, and elementary drawing are important as parts of a good and sound practical education. A knowledge of natural history is particularly advantageous in many departments of industry, besides refining the taste and leading its votaries to

“ Find tongues in trees, books in the running brooks,
Sermons in stones, and good in every thing.”

Some theorists go to the extreme of wanting the Federal Government to purchase and manage all railroads in the nation, and to run them under its control and on account of its treasury. This notion has long been entertained by a small class of futile minds. It came from Europe, and has its origin with French Communism. It assumed unusual proportions here during and since the recent labor strikes, and demands consideration. It seems to assume that this would be a complete remedy for the pretended antagonism between capital and labor. But are railroads alone involved in this controversy? They are only one of the scores of industries that require great outlays of money and vast numbers of employ  s to conduct them. If the government ought to own and manage them, then, by parity of reasoning, it ought to own and manage all the other great industries in the nation, spreading itself in all directions till it carried on all the railroading, mining, navigation, transportation, merchandising, banking, printing, clothing, farming, and what not, in the country. So logical is this deduction that the original advocates of this erratic doctrine do apply it to pretty much the whole business of the nation, making this indeed a paternal government.

I need not say, Mr. President, that the universal or even the general introduction of such a system into the business of this country would work the greatest revolution in society that has occurred in any nation since the dawn of the

Christian era. It would be a long stride toward that Utopia where individual property would cease to exist, and where all things would be held in common. And can it be doubted that if, by any possible process, society could be now arranged on such a basis without so convulsing as to utterly destroy it, the unnatural structure would soon fall to pieces, and after passing through a chaotic epoch, would gradually rebuild itself on very much the same ground it now occupies? Then is it not unwise and hazardous to encourage an experiment so fraught with peril? This class of theorists may be absurd, but they are at least consistent. Are not those who would embrace only railroads within the sweep of this theory both absurd and inconsistent?

It is not necessary to expose the impolicy of such wild schemes. Suffice it to say, that for the national government to undertake to conduct the general business of the country at the hazard of its treasury, would lead to untold abuses and end in universal bankruptcy.

As for the rest, the cure for the evils complained of must depend not upon legislation, but upon intelligence, sobriety, industry, economy, integrity, and the silent operation of those economic laws that move straight onward despite the selfishness of capital or the clamor of labor.

An eminent Austrian has remarked that in his youth he used to hear the inhabitants of the Austro-German Provinces recognize three countries: the whole country—which was Germany, the smaller country—which was the Empire of the Hapsburgs, and the still smaller country—which was the particular province to which each inhabitant belonged. In like manner, may it not be said that we have three countries—the Nation, the State, and the City, but happily all forming one glorious Union? Let our only division be a *division of labor*—so essential to economical and industrial progress. Let us be men—following attentively the

facts as well as the ideas which are constantly developing around us. Let us belong to our own epoch by following with close attention, aided by half a century's experience of this valued Institute, all that takes place in the great branches of commerce, art, industry, and labor in which we may be interested. Above all, fellow-laborers, let us be true to ourselves, true to our Country, true to our State, true to our City, in faithfully performing every task that devolves upon us. This is the only way to play our part and do our duty toward ourselves and toward society.

